

Message Text

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ACTION NEA-10

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 EPG-02 OMB-01 NSC-05 SS-15 STR-04
CEA-01 OES-07 HEW-04 /095 W
-----152101Z 079295 /72

R 151550Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6213
INFO AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI

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EO 11652: NA
TAGS: PINT, ECON, EG
SUBJ: MEDICINE PRICE INCREASE PROVING BITTER PILL

REF CAIRO 9316,

SUMMARY: GOE MEDICINE PRICEINCREASE PROVOKES SERIOUS PEOPLE'S
ASSEMBLY OPPOSITION DEMONSTRATING PRESSURES GOVERNMENT FACES
IN EFFORTS TO REFORM ECONOMY. THE MANY WHO BELIEVE SADAT IS
CHIPPING AWAY AT THE WELFARE STATE WILL OPPOSE HIM BITTERLY.
END SUMMARY

1. LATE MAY GOE ANNOUNCED 30 PERCENT INCREASE IN PRICES OF
"LUXURY" MEDICINES (REFTEL). SOON BECAME CLEAR THIS MEANT
ALL PHARMACEUTICALS WITH EXCEPTION DRUGS FOR HEART CONDITIONS,
DIABETES, CANCER AND MENTAL ILLNESS. INCREASE REPRESENTED AT
LEST PARTIAL ELIMINATION OF INDIRECT SUBSIDIES THAT HAVE
SAVED DRUG COMPANIES (NOW ALL PUBLIC SECTORS) FROM BEING
DEEP IN THE RED. ACCORDING TO GOE, HOWEVER, INCOME IT
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PRODUCED WAS TO GO TO EXPANDED PUBLIC HEALTH SERVICES.
PRESS TREATED NEWS GINGERLY, PROBABLY WITH OFFICIAL EN-
COURAGEMENT, IN CONTRAST TO SENSATIONAL PLAY GIVEN PRICE
RISES (SUBSIDY CUTS) BEFORE JAN RIOTS.

2. NET EFFECT OF INCREASES WAS RELATIVELY SMALL SINCE MEDICINE
PRICES WERE ALREADY AT UNREALISTICALLY LOW LEVELS.

NEVERTHELESS, EGYPTIANS OF ALL CLASSES HAVE BECOME PRODIGIOUS DRUG CONSUMERS AND, AT LEAST FOR POOREST, SOME ECONOMIC HARDSHIP WAS CLEARLY IMPLIED. FOR ALL, HIKE REPRESENTED YET ANOTHER ENCROACHMENT ON DECLINING REAL INCOME.

3. AS RESULT, GOE HAS FACED CONCERTED PRESSURE ON MEDICINE PRICE QUESTION, PRINCIPALLY IN PA. PROMINENT MEMBERS OF OPPOSITION, ALMOST CERTAINLY WITH SYMPATHY OF MUCH OF CENTER PARTY MAJORITY, HAVE SPOKEN ELOQUENTLY AND PASSIONATELY AGAINST THE MEASURE FROM THE FLOOR AND PA PUBLIC HEALTH COMMITTEE HAS OFFICIALLY RECOMMENDED PRICES BE ROLLED BACK TO PREVIOUS LEVELS. HEALTHMIN BADRAN, WHO, RATHER THAN ECONOMIC GROUP, SEEMS TO HAVE BEEN BEHIND INCREASES, HAS BEEN INEFFECTUAL IN THEIR DEFENSE. (COMMENT: POSSIBLY, HE HAS BEEN DESIGNATED AS FLAK-CATCHER TO SPARE ECON GROUP FOR OTHER BATTLES). BADRAN CITES ROLL BACK COST TO GOE OF LE 42 MILLION AS PRINCIPAL JUSTIFICATION.

4. ALTHOUGH ISSUE HAS APPARENTLY NOT BECOME MATTER OF MUCH COFFEE HOUSE DEBATE, IT HAS NOT GONE AWAY AS GOE DOUBTLESSLY HOPES IT MIGHT HAVE. MEMORIES OF JAN 18-19, DIRECTLY RELATED TO PRICES RISES, ARE STILL VIVID AND GOE MUST BE CONCERNED THAT MEDICINE QUESTION MAY DEVELOP LITERALLY EXPLOSIVE RAMIFICATIONS. THERE IS NO RPT NO EVIDENCE THAT DISTURBANCES IN OFFING, HOWEVER, FOR EXAMPLE, CUSTOMERS ARE NOT VENTING FURY IN PHARMACIES.

5. PA DEBATE ITSELF, HOWEVER, IS MOST INTERESTING AS INDICATOR OF PRESSURE GOE FACES IN ITS ATTEMPTS TO PUT LIMITED OFFICIAL USE

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ECONOMIC HOUSE IN ORDER AND CONFORM TO FINANCIAL ADMONITIONS OF IMF, US AND ARABS, AMONG OTHERS. TEST OF GOE WILL TO PERSEVERE MAY BE SHAPING UP. IF IT LOSES THIS TEST CASE, FUTURE, MORE SWEEPING ECONOMIC REFORM MEASURES WILL PROVE EVEN MORE DIFFICULT TO IMPLEMENT.

6. HOWEVER, ISSUE IS ESSENTIALLY POLITICAL: THOSE WHO OPPOSE POLITICAL/ECONOMIC OPEN DOOR, ESPECIALLY NASSERISTS, ARE WONDERING ALOUD IF DRUG PRICE HIKE ADUMBRATES GOE READINESS SACRIFICE FUNDAMENTAL WELFARE STATE PRINCIPLES PLEDGED INAVOIDABLE BY NASSER.
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Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DRUGS, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Legacy Key: link1977/newtext/t19770656/aaaabwmn.tel
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